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Italy

Fresh Deciduous Fruit

Annual

2003

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Report Highlights:

April frost and an extremely hot, dry summer have hindered the development of apples, pears, and table grapes in Italy and cut down on their production. Compared to 2002 apple production is reduced by 10 percent, pear production is reduced by 8 percent, and table grapes by 5%.

Includes PSD Changes: No
Includes Trade Matrix: No
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Executive Summary

Spring frost and extremely hot and dry summer conditions have hampered the development of Italy's deciduous fruit crops. As a result of the unfavorable weather conditions, total production of apples, pears and table grapes are all expected to be lower compared to last year. Italy's apple juice production is expected to increase slightly as a result of frost during the earlier part of the season.

The exchange rate fluctuations, particularly the appreciation of the Euro vis-à-vis the U.S. dollar and smaller deciduous supplies in Italy and throughout Europe may provide U.S. businesses limited export opportunities.

Italy's deciduous fruit crops are unlikely to be affected by the recently passed Common Agricultural Policy reforms.

Situation and Outlook

Apples

Total Italian apple production for marketing year (MY) 2003 is expected to be around 1,953,000 million metric tons (MMT), a nearly 10 percent decrease from 2002. The decrease is due large up to an extremely hot summer and the lack of precipitation. Frost in the earlier part of the growing season also affected this year's crop. The unfavorable weather conditions have affected the assorted varieties in different ways. The two largest apple varieties, Red and Golden Delicious, were among those affected by the adverse weather conditions. Many of the Red Delicious varieties turned a rusty color, which affected its marketability. Farmers report that the extremely dry summer shortened the growing process and affected fruit sizes. The situation further exacerbates last year's smaller crop, which was also affected by unfavorable weather. Other factors affecting Italian apple production include surplus supplies in the world market, stagnant domestic demand, dwindling financial EU support, and an increase in international competition. Italy's apple crop is expected to return to normal levels in 2004.

Farmers are trying to grow newer apple varieties that consumers want such as Braeburn, Fuji, and Gala. As a result of the increased demand, plantings for these varieties are expected to rise while planting acreage for Red and Delicious apple trees are expected to decline. The overall planting acreage will likely remain stable.

Italian apple production is concentrated in the Trentino-Alto Adige region, which produces more than 70 percent of the Italian apple crop. Red and Golden Delicious varieties account for more than half of the total Italian apple production.

Italian apple exports increased by nearly 28 percent in 2002. The European Union is the main market for Italian apple exports, primarily to Germany and Spain. Exports in 2003 are expected to decline as a result of the smaller crop and appreciation of the Euro. Limited opportunities may be available for U.S. companies to supply Italy's apple import market due to the appreciation of the Euro. Chile and France are Italy's main suppliers of imported apples.

Accession countries are not expected to have a significant impact on Italian apple production.

Table: Market Prices (in Euros) for selected apple varieties

Variety	June 2003
Golden Delicious	0.52/kg
Morgenduft	0.46/kg
Stark Delicious	0.60/kg

Source: ISMEA

Concentrated Apples Juice

Weather conditions play a major role in determining the size of Italy's apple juice production. Frost during the "flowering" period or hailstorms during the season are the weather problems. Between 16 to 20 percent of Italy's apple production is destined for the processing sector. When there are summer hails storms more damaged fruit goes to juice processing. Italy's concentrated apple juice production for 2003 is expected to increase minimally.

Sources report that most of Italy's concentrated apple juice products are destined for the export market as domestic consumption by Italians is nominal. In 2002, Germany imported more than 50 percent of Italy's concentrated apple juice exports. Exports for 2003 are expected to slightly decrease for the same reasons as the fresh apple crop. (Note: Some of the PSD and trade numbers for 2003 were significantly altered to reflect the changes in the HS codes for all fruit juices.)

Pears

Italy's pear crop production is expected to follow the same downward trend as other deciduous fruit crops as a result of unfavorable weather conditions and smaller planting acreage. In MY 2003, pear production is anticipated to decline by 8 percent to 924,600 metric tons. Farmers report that the dry and hot conditions have shortened the growing season by several days and affected fruit sizes. The lack of rain throughout Italy has affected the Williams variety the most with industry sources estimating a 5 to 10 percent decrease in supplies. Next year's crop is expected to rebound from the effects of this year's extremely hot and dry conditions with planting acreage remaining the same.

Italy is the largest producer of pears in the European Union. Its pear producing area is concentrated in the Emilia-Romagna region (north-central Italy). Abate, Williams, and Conference are the three largest pear varieties making up more than 65 percent of Italy's pear crop. Organic pear production makes up only 2 to 3 percent of the entire crop. Planting acreage for organic pears are not expected to increase as production cost are much higher and demand has dropped off.

An industry source reports that all Italian pears are handpicked to preserve the quality of the fruit. Consequently, labor costs are a large percentage (as high as 60 percent) of production expenses. The majority of Italy's pear production is consumed domestically and between 10-13 percent is utilized for exports. However, more than 90 percent of the Abate variety is exported.

Italian pear exports increased nearly 4 percent in 2002. The European Union is the main market for Italian pear exports, with Germany and France purchasing 63 percent of Italy's pear exports. In 2003 exports are expected to decline as a result of the smaller crop and appreciation of the Euro. Minimal opportunities may be available for U.S. companies to supply Italy's pear import market if the the lower exchange rate between the Euro and the dollar remains at rates which favor dolla transactions. Argentina and Spain are the two largest suppliers of imported pears.

Accession countries are expected to provide a larger export market for Italian pears. The recent reforms to the EU's Common Agricultural Policy CAP are not expected to have an effect on pear production.

Table: Market Price (in Euros) for selected pears.

Variety	March 2003
ABATE PEARS	0.56/kg

Source: ISMEA

Table Grapes

Frost in the month of April, compounded by the dry and hot conditions throughout the summer, have reduced table grape supplies for a second year in a row. In MY 2002, production was negatively affected by heavy rainfall throughout the growing season, particularly during the harvest period. The MY 2003 crop is not expected to decline as much as the previous season, but as a result of two consecutive years of poor production, Italy's table grape crop is projected to fall to 1,242,600 MMT in 2003.

Unlike other deciduous fruit crops, the lack of rain has actually improved the quality of the grape crop. The MY 2004 crop is forecast to return to normal levels as temperate weather conditions are anticipated. Sicily and Apulia (southern Italy) account for nearly 70 percent of Italy's table grape production.

During 2002, Italy exported a total volume of approximately 480,559 MT, a 33 percent decrease from the previous year as a result of the smaller crop. Exports are expected to improve in 2003, although the small crop and decreased demand from international consumers will keep them in check. Germany and France are the top export markets for Italian table grapes, claiming more than 50 percent of total exports. Trade opportunities are limited as Italy imports a very small amount of table grapes primarily from Spain and Chile.

Accession countries are expected to provide a larger export market for Italian pears. The recent CAP reform is not expected to have an effect on table grape production.

Table: Market Prices (in Euros) for selected apple varieties Italian Fresh Deciduous Products in 2002 and 2003

Table: Average Market Price (in Euros) for table grapes.

Variety	August 2003
Table grapes	0.54/kg

Source: ISMEA

PSD Tables

PSD Table

Country Commodity	Italy Fresh Apples					
	2001		2002		2003	
Market Year Begin	USDA Official [Estimate [	Revised Estimate [	DA Official [Estimate [	Estimate [	DA Official [Estimate [	Forecast [
	07/2001	07/2001	07/2002	07/2002	07/2003	07/2003
Area Planted	67000	67000	66000	66000	0	65000
Area Harvested	62000	62000	62000	62000	0	61000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	2172000	2172000	2170000	2170000	0	1953000
Non-Comm. Production	48000	48000	40000	40000	0	36000
TOTAL Production	2220000	2220000	2210000	2210000	0	1989000
TOTAL Imports	52000	52000	55000	55000	0	49500
TOTAL SUPPLY	2272000	2272000	2265000	2265000	0	2038500
Domestic Fresh Consumption	1232500	1232500	1235000	1235000	0	1111500
Exports, Fresh Only	659000	659000	660000	660000	0	594000
For Processing	370000	370000	370000	370000	0	333000
Withdrawal From Market	10500	10500	0	0	0	0
TOTAL UTILIZATION	2272000	2272000	2265000	2265000	0	2038500

PSD Table

Country Commodity	Italy Concentrated Apple Juice (MT)					
	2001 USDA Official	Revised Estimate [1]	2002 USDA Official	Estimate [1]	2003 USDA Official	Forecast Estimate [1]
Market Year Begin	01/2001		01/2002		01/2003	
Deliv. To Processors	370000	370000	370000	370000	0	333000
Beginning Stocks	0	0	10000	10000	10000	10000
Production	62000	62000	60000	60000	0	60750
Imports	45000	45000	40000	40000	0	42000
TOTAL SUPPLY	107000	107000	110000	110000	10000	112750
Exports	92000	92000	95000	95000	0	99750
Domestic Consumption	5000	5000	5000	5000	0	2500
Ending Stocks	10000	10000	10000	10000	0	10500
TOTAL DISTRIBUTION	107000	107000	110000	110000	0	112750

PSD Table

Country Commodity	Italy Fresh Pears					
	(HA)(1000 TREES)(M					
Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [D]	DA Official [	Estimate [I]	DA Official [	Estimate [I]
	07/2001		07/2002		07/2003	
Area Planted	47000	47000	47000	47000	0	44600
Area Harvested	43000	43000	43000	43000	0	41000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	793000	793000	860000	860000	0	791200
Non-Comm. Production	47000	47000	45000	45000	0	41400
TOTAL Production	840000	840000	905000	905000	0	832600
TOTAL Imports	130000	130000	100000	100000	0	92000
TOTAL SUPPLY	970000	970000	1005000	1005000	0	924600
Domestic Fresh Consump	749000	749000	765000	765000	0	703800
Exports, Fresh Only	131000	131000	135000	135000	0	124200
For Processing	90000	90000	105000	105000	0	96600
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	970000	970000	1005000	1005000	0	924600

PSD Table

Country Commodity	Italy Fresh Table Grapes					
	(HA)(MT)					
Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [D]	DA Official [	Estimate [I]	DA Official [	Estimate [I]
	01/2002		01/2003		01/2004	
Area Planted	74000	73000	74000	73000	0	72000
Area Harvested	73000	72000	73000	72000	0	71000
Commercial Production	1530000	1258000	1560000	1258000	0	1195100
Non-Comm. Production	50000	50000	40000	50000	0	47500
TOTAL Production	1580000	1308000	1600000	1308000	0	1242600
TOTAL Imports	12000	20000	12000	20000	0	19000
TOTAL SUPPLY	1592000	1328000	1612000	1328000	0	1261600
Domestic Fresh Consump	672000	640000	677000	640000	0	608000
Exports, Fresh Only	650000	600000	665000	600000	0	570000
For Processing	270000	88000	270000	88000	0	83600
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	1592000	1328000	1612000	1328000	0	1261600

Trade Matrixes

Export Trade Matrix

Country Italy

Commodity Fresh Apples

Time Period Units:
 Exports for:
 U.S. U.S.

Others		Others	
Germany	269192	Germany	371745
United Kingdom	24251	United Kingdom	29310
Spain	21981	Spain	37137
Austria	40492	Austria	25643
Total for Others	355916		463835
Others not Listed	183292		223911
Grand Total	539404		687770

Import Trade Matrix

Country Italy

Commodity Fresh Apples

Time Period Units:
 Imports for:
 U.S. U.S.

Others		Others	
Spain	2734	Spain	3113
France	5690	France	7089
Chile	12290	Chile	18966
Netherlands	2016	Netherlands	3854
Argentina	3103	Argentina	3866
Total for Others	25833		36888
Others not Listed	9701		17224
Grand Total	35534		54189

Export Trade Matrix

Country Italy

Commodity Concentrated Apple Juice

Time Period Units:

Exports for:

U.S. U.S.

Others		Others	
Germany	7967	Germany	8844
Iran	14502	Iran	10334
China	4476	China	8340
Poland	5743	Poland	2161

Total for Others 32688 29679

Others not Listed

Grand Total 45514 35803

Import Trade Matrix

Country Italy

Commodity Concentrated Apple Juice

Time Period Units:

Imports for:

U.S. U.S.

Others		Others	
Germany	47312	Germany	41081
U.K.	4461	U.K.	6426
Netherlands	5156	Netherlands	4822

Total for Others 56929 52329

Others not Listed

Grand Total 114390 78154

Export Trade Matrix

Country Italy

Commodity Fresh Pears

Time Period		Units:	MT
Exports for:	2001		2002
U.S.	32654	U.S.	
Others		Others	
Germany	65420	Germany	64101
France	22077	France	23346
U.K.	12411	U.K.	11280
Austria	6332	Austria	9210
Finland	2588	Finland	2682
Total for Others	108828		110619
Others not Listed	13984		28700
Grand Total	155466		139319

Import Trade Matrix

Country Italy

Commodity Fresh Pears

Time Period		Units:	MT
Imports for:	2001		2002
U.S.	126	U.S.	
Others		Others	
France	7505	France	4453
Spain	48169	Spain	39925
Netherlands	5695	Netherlands	3645
Argentina	43379	Argentina	51624
Chile	8495	Chile	0
Total for Others	113243		99647
Others not Listed	6384		16647
Grand Total	119753		116294

Export Trade Matrix

Country Italy

Commodity Fresh Table Grapes

Time Period		Units:	MT
Exports for:	2001		2002
U.S.	3131	U.S.	1477
Others		Others	
Germany	231224	Germany	167271
France	115251	France	87131
Belgium	40942	Belgium	25613
Switzerland	32194	Switzerland	23882
Poland	72947	Poland	32718
Total for Others	492558		336615
Others not Listed	217044		142467
Grand Total	712733		480559

Import Trade Matrix

Country Italy

Commodity Fresh Table Grapes

Time Period		Units:	MT
Imports for:	2001		2002
U.S.		U.S.	135
Others		Others	
Spain	3099	Spain	3644
Netherlands	1191	Netherlands	1540
South Africa	1095	South Africa	1080
Chile	3216	Chile	3548
France	1466	France	923
Total for Others	10067		10870
Others not Listed	2466		3559
Grand Total	12533		14429